

REQUEST FOR CONCEPTUAL APPROVAL**Fiscal Year [2014-15]**

TITLE OF PROPOSAL

Intrusion Detection/Intrusion Prevention System - Information Security

DIVISION PRIORITY NUMBER

PROGRAM IMPACTED

All

SUMMARY OF REQUEST *(including impact if request denied)*

This request is to fund 3.0 positions needed to maintain the Intrusion Detection/Intrusion Prevention System (IDS/IPS) and monitor output from the logs and alerts. There will be 2.0 positions located in the Technology Services Department and 1.0 position located in the Information Security Office. The Board of Equalization (BOE) receives Federal Tax Information (FTI) from the Internal Revenue Service (IRS) which aids in the collection of over \$3 to \$5 million annually. The majority of FTI resides in Automated Compliance Management System (ACMS) which is housed at the OTech Data Center. In-house, the BOE has smaller amounts of FTI, which along with other data, is used to generate audit selection. In an IRS Safeguards Review Audit conducted in January of 2011, there were findings requiring the BOE to have additional devices and services in place to protect FTI on our internal network. Non-compliance to these findings would result in possible termination of the BOE's access to FTI and would put \$3 to \$5 million at risk.

BACKGROUND/HISTORY

Historically the bulk of the BOE's corporate taxpayer data has been kept at the OTech Data Center. In addition, public facing applications such as e-File are being housed at OTech. Due to rising costs for OTech services, and some delays in service, the BOE has been providing internal server space for some FTI and other confidential data. The security posture of the IRS and the State of California is increasing, and because the BOE has FTI on servers in-house we are being required by the IRS to specifically protect the data with IDS/IPS. This system monitors all network entry and exit points looking for specific activities that could indicate an attack or malicious activity. The IDS/IPS can both alert specified staff of the suspicious activity and logs the activity for further detailed analysis.

STATE LEVEL CONSIDERATIONS *(including impact to other departments)*

The purpose of the requested positions to support the IDS/IPS is consistent with the BOE policy to protect the confidentiality of taxpayer information. Although the request was as a result of an IRS audit, the system will further enhance the ability to protect FTI as well as confidential taxpayer information from unauthorized disclosure and is consistent with our strategic goals to enhance operational effectiveness by leveraging technology.

JUSTIFICATION *(including link to Strategic Plan)*

FTI directly assists the BOE in collecting \$3 to \$5 million in annual revenue. If FTI is not protected the BOE risks a possible data breach which would disclose confidential financial information for California taxpayers and business. Also, if the BOE does not protect FTI up to the requirements of the IRS, access to FTI may be taken away. This would result in loss of revenue currently being generated from FTI. Due to the complexity of this program it has been determined that redirection of staff is not an option.

COSTS AND BENEFITS (BUDGET YEAR ONLY – FISCAL YEAR [2014-15])
☒ New funding ☐ Continuation ☐ Redirection

COST

\$ 473,000 the first year, \$421,000 a year ongoing

REVENUE *(if applicable)*

\$ Protects \$3-5 million annually

POSITIONS *(if applicable)*

3.0

COST SAVINGS *(if applicable)*

\$ N/A

PREPARED AND APPROVED

PREPARED BY

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DIVISION CHIEF APPROVAL

AUTHOR'S TELEPHONE NUMBER

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DATE

ACTION
☐ Concept Approved ☐ Request Denied
EXECUTIVE DIRECTOR *(signature)*
